

THE CARES ACT SUMMARY FOR RETIREMENT PLAN PARTICIPANTS AND IRA HOLDERS

The CARES Act provides relief for U.S. workers affected by the coronavirus, which causes SARS-CoV-2 and COVID-19 illnesses. If you or a family member have been affected by the coronavirus, you may qualify for relief. [Learn more.](#)

CARES ACT SUMMARY

In response to the unique challenges we are facing due to the coronavirus pandemic, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into federal law on March 27, 2020.

The global coronavirus pandemic has impacted virtually every sector of society. The CARES Act provides certain economic relief for those who have been affected and qualify under federal law. For participants who meet the requirements, the CARES Act allows for relief distributions from retirement plans and IRAs anytime during 2020 (from January 1 through December 31), and for relief loans from retirement plans between March 27 and September 22.

The retirement plans-related provisions allowed under the CARES Act are not automatic. The employer elects whether or not to allow for these provisions for their company's retirement plans. If your employer chooses to permit CARES Act provisions for your defined contribution plan, you will find a Coronavirus Related Distribution Form or Coronavirus Related Loan Form in the Forms section after you log in to your retirement account.

We are providing this summary of CARES Act key provisions that relate to employer-sponsored retirement plans and Individual Retirement Accounts (IRAs).

QUALIFICATIONS

There are provisions in the CARES Act that might allow you to access retirement funds without being subject to the early withdrawal penalty that normally applies if you are under age 59-1/2. However, it's essential to first consider all other options available to you before taking a withdrawal from your plan, as doing so may negatively impact the ability to achieve your retirement goals. You may also wish to consider any potential state income tax consequences. Please consult with your tax professional or financial advisor accordingly.

To qualify, you must self-certify that you are in one of the following categories:

- Individuals who are diagnosed with COVID-19 or SARS-CoV-2 by a test approved by the Centers for Disease Control and Prevention (CDC).
- Individuals who have a spouse or dependent diagnosed with such virus or disease by such a test.



- A person who has experienced adverse financial consequences as a result of being quarantined, furloughed, laid off, experiencing reduced working hours, or who is unable to work due to lack of childcare due to such virus or disease.

If you do not meet the requirements for a coronavirus-related distribution (“CRD”) or loan, or if your employer has not chosen to offer the CARES Act relief provisions, you may take advantage of any other in-service distributions or loans that are available through your retirement plan and that you qualify for under the plan’s terms.

HOW THE CARES ACT IMPACTS YOUR RETIREMENT PLAN OR IRA

The CARES Act allows for distributions from defined contribution and defined benefit retirement plans and Individual Retirement Plans (IRAs); for participants who meet the qualifications described above, these distributions are exempt from the 10% early withdrawal penalty that generally applies to distributions before age 59-1/2 and permits you to spread out payment of the federal taxes owed on the distribution ratably over a three-year period that includes the tax year of the distribution (2020, for which taxes are due by April 15, 2021). In-service distributions are allowable under the CARES Act for defined contribution plans, but not defined benefit plans unless the defined benefit plan document allows for in-service distributions (no earlier than age 59 ½.)

The CARES Act increases the maximum available loan amount for qualifying individuals from defined contribution retirement plans.

Details on the coronavirus-related distributions and loans are provided below. Before deciding to make a withdrawal or take a loan from your account balance, be sure you understand the tax impact, as well as the impact on your future or current retirement savings.

CORONAVIRUS-RELATED DISTRIBUTIONS FROM EMPLOYER-SPONSORED RETIREMENT ACCOUNTS

There are provisions in the CARES Act that might allow you to access retirement funds, and that would result in a more favorable tax treatment than regular withdrawals. If you are eligible for a distribution under the CARES Act, the withdrawal will not be subject to the standard early withdrawal penalty that generally applies before age 59 ½.

If you meet the qualification requirements, and your plan permits, you are eligible for a coronavirus-related distribution. This distribution type is only available until December 31, 2020.

You can take a coronavirus-related distribution for up to a limit of \$100,000 across all your employer’s retirement plans.

Coronavirus-related distributions will be included in your gross taxable income for 2020, to the extent it is otherwise taxable (this would exclude, for example, Roth contributions but not earnings on Roth contributions).

- Your distribution will not be subject to the mandatory 20% federal income tax withholding normally applicable to eligible rollover distributions. Accordingly, you can choose to receive the full distribution amount in 2020, or you can elect voluntary income tax withholding.
- Taxes will be due over a three-year period that includes the tax year of distribution (2020, for which taxes are due by April 15, 2021), unless you elect to pay all of the taxes in a single year.



- Any amount of the distribution that you do not use, or can later repay, can be rolled over into an IRA or your employer's retirement plan account within three years from the date of the distribution. You will not need to pay federal income taxes on any portion of the distribution amount that you roll back into an IRA or retirement plan.

If your employer has elected to allow coronavirus-related distributions, you will find a Coronavirus Related Distribution (CRD) Request in the Forms section after you log in to your retirement account. If you do not see the form, please call Transamerica at (800) 755-5801 to personally verify whether this option is available and for further information.

On your CRD Request Form, you will be asked to self-certify that you qualify for a coronavirus-related distribution. You will not need to provide any additional documentation.

When applicable, the notarized spousal consent requirement remains in effect. You may use a Notary Public to notarize your distribution request form. Some retirement plans can have requests notarized electronically. Please call Transamerica at (800) 755-5801 for more details.

CORONAVIRUS-RELATED LOANS FROM EMPLOYER-SPONSORED RETIREMENT ACCOUNTS

If you meet the qualification requirements and your plan permits, the maximum amount available for a loan is the lesser amount of 100% of your vested retirement account balance or \$100,000. The increased loan limits are only available for loans taken between March 27, 2020, and September 22, 2020.

If your employer has elected to allow coronavirus-related loans, you will find a Coronavirus Related Loan (CRL) Request in the Forms section after you log in to your retirement account. If you do not see the form, please call Transamerica at (800) 755-5801 to personally verify whether this option is available and for further instructions.

On your CRL Request Form, you will be asked to self-certify that you qualify for a coronavirus-related loan. You will not need to provide any additional documentation.

When applicable, the notarized spousal consent requirement remains in effect. You may use a Notary Public to notarize your loan request form. Some retirement plans can have requests notarized electronically. Please call Transamerica at (800) 755-5801 for more details.

Unless you request a Suspension of Loan Repayments, repayments will be deducted from your paycheck for each pay period until the loan is repaid beginning upon the issuance of the loan. Plan loans are not considered taxable income unless your loan payments become delinquent and are not made up by the end of the cure period allowed by your plan, and you do not request a Suspension of Loan Repayments.



SUSPENSION OF LOAN REPAYMENTS TO EMPLOYER-SPONSORED RETIREMENT ACCOUNTS

If you meet the qualification requirements, and you have an outstanding loan on or after the date the CARES Act was enacted (March 27, 2020), you may request to have all loan repayments due between March 27, 2020, and December 31, 2020, suspended for a period of one year. After that, the loan will need to be re-amortized to account for the suspended payments (plus any accrued interest). Your loan term will be extended for up to the length of the suspension, so the impact on your payments should be minimal. Any new loans issued after March 27, 2020, can also qualify for this suspension.

To request a Suspension of Loan Repayments, please complete the Loan Repayment Suspension in the Forms section after you log in to your account. On your Loan Suspension Request Form, you will be asked to self-certify that you qualify for the suspension. You will not need to provide any additional documentation.

REQUIRED MINIMUM DISTRIBUTIONS

The CARES Act contains a waiver of all required minimum distributions (RMDs) for most defined contribution plans and IRAs. If you have already received an RMD in 2020, you may roll the amount of that RMD over into a qualified retirement plan or IRA. This waiver applies to both plan participants and beneficiaries. This waiver is not applicable to defined benefit plans.

CORONAVIRUS-RELATED DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS

If you meet the qualification requirements and your plan permits, you are eligible for a coronavirus-related distribution. This distribution type is only available until December 31, 2020.

Coronavirus-related distributions are exempt from the 10% early withdrawal tax penalty (impacting those who are under age 59 ½) normally applicable to distributions from IRAs.

Any coronavirus-related distributions you take from your IRA in 2020 will be included in your gross taxable income for 2020, to the extent it is otherwise taxable (this would exclude, for example, Roth contributions but not earnings on Roth contributions).

- Your distribution will not be subject to the standard 10% federal income tax withholding normally applicable to IRA distributions, so you can choose to receive the full distribution amount in 2020, or you can elect voluntary withholding.
- Taxes will be due over a three-year period that includes the tax year of distribution (2020, for which taxes are due by April 15, 2021), unless you elect to pay all of the taxes in a single year.
- Any amount of the distribution that you do not use, or can later repay, can be rolled over into an IRA or an employer's retirement plan account within three years from the date of the distribution. You will not need to pay federal income taxes on any portion of the distribution amount that you roll back into an IRA or retirement plan.



To request a distribution from your Transamerica IRA, please call Transamerica at (800) 755-5801.

WE ARE HERE FOR YOU

Please know we are here to help you during these unprecedented times. We will do everything we can to support and serve you today, tomorrow and into the future.



CALL
800-755-5801



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